

# WORSHIPFUL COMPANY OF WATER CONSERVATORS RESPONSE TO THE INTERIM REPORT OF THE INDEPENDENT WATER COMMISSION

JULY 2025

## PROLOGUE

1 The Worshipful Company of Water Conservators ('WCWC') is a City of London Livery Company focussed on the long-term health of our water resources and the broader environment. Our members include senior professionals from water, environmental and related industries and regulators, along with others who share our concern for water and the environment. Our experience and knowledge ranges from the complexities of environmental sciences, through the application of engineering to deliver the goals identified by those sciences, and the subsequent management of the assets created. The WCWC's purpose is *promoting a diverse and sustainable environment*.

2 The WCWC has considered the Interim report of Sir Jon Cunliffe's Independent Water Commission. It notes the complexity and depth of the work completed so far and the huge number of contributions it has considered. WCWC also recognises that the Interim report represents work in progress. The WCWC recognises that much of what the Commission is thinking chimes with the principles of what the WCWC has been suggesting.

<https://www.gov.uk/government/publications/independent,-water-commission-review-of-the-water-sector>.

3. The WCWC prepared and submitted a short document to the consultation, which summarised key points based on a long document of substantial evidence available on its website. It recognises that with the huge body of evidence it is unlikely that the Commission team has been able to study the long document in depth, while clearly ideas on the future of water management are coalescing and the WCWC long document contains material relevant to the final decision. There are many aspects upon which the WCWC could offer comment now, but in view of the task in hand, brevity is paramount.

4 The WCWC is aware of the work and recent report of the House of Commons' Environment, Food and Rural Affairs Committee (EFRA) on water sector reform insights and of the critical report of the National Audit Office. This short note offers some additional insights.

<https://www.watermagazine.co.uk/2025/06/16/failing-water-sector-needs-root-and-branch-reform-to-address-culture-that-is-deaf-to-crisis-says-efra-committee/>

<https://www.nao.org.uk/press-releases/regulators-have-failed-to-deliver-a-trusted-and-resilient-water-sector-nao/>

## SUMMARY

5 The WCWC recognises that much of what the Commission is thinking, chimes with the principles of what the WCWC has been suggesting. Restoration of trust is crucial which the Commission stresses well. Yet the final report needs to address more the causes of this loss of trust and show how their suggested reforms will address them and restore public trust. Setting clear Governmental priorities and resourcing the regulators to restore their capacity and capability to service, effectively and efficiently, the reformed integrated catchment management and deliver real improvements in the water environment. If these prioritised

improvements are to be achieved collectively the Commission's recommended reforms should support a less risk averse culture on the part of individual regulators.

6 It is very important to separate the functionality of the processes, and the performance of the bodies concerned, including the regulators. Function comes first, before form. So, having companies providing the service (and not adding to government debt) and having separate environmental and economic regulation makes sense. Is the current model broken? It is not, although it does need a thorough overhaul and some extensive repair work after 35 years of use and constant, albeit piecemeal revision. Investment is needed desperately and, just as in 1989, government borrowing cannot provide it. Whatever system of administration emerges from the review, it is very important to remember that many of the functions of the current system of regulation and its execution must remain.

7 The WCWC has focussed on some key points.

### **Overarching strategy on water linked into other national strategies**

- The WCWC agrees with the Commission on a lack of coordination of national strategies and has made suggestions on some immediate 'fixes' of the current problems, but longer-term coordination is vital. Some examples are given. The WCWC agrees that there is a need for an over-arching strategy for water, a Strategic Position Statement for the way in which England conserves and uses its water resources for man and nature, not just for water companies and the price reviews. The WCWC has advocated such a water use strategy to mirror the land use strategy, as elements of managing catchments, which this note discusses below. There is a powerful sub text to this, a *Strategy for the Sustainable and Efficient Use of Water to Achieve Economic Growth*.
- The WCWC has suggested a better alliance of government departments in delivery. Whilst logically Defra might take the lead both it and other departments must work cooperative to carry forward whatever strategy is decided on and no one department can go off on its own interpretation. Several other government departments need to make changes.
- The WCWC strongly supports the Interim report's statement that "*there is no simple, single change, no matter how radical, that will deliver the fundamental reset that is urgently needed*". The way forward will be in making numerous more modest sized changes and some examples are given. The Commission might consider making suggestions on delivery mechanisms for its recommendations. The way forward will be a mosaic rather than a straight line. The WCWC suggests that responsibility for ensuring delivery across all government departments could be vested in the Cabinet Office.
- Someone must hold the ring to provide certainty about what has to be delivered within a regulatory period and stop scope creep by other departments. There must be certainty in the 'contract' between water company and the government about what needs to be delivered for what price. Several government departments influence this but clarity about a body able to broker and enforce the conditions of the licence is vital to achieve the trust of the public, investors and the supply chain.

### **Review of legislation, regulations and the licence.**

- The WCWC agrees with the Commission that there needs to be a review of relevant legislation, and it will be helpful if bundles of regulations under specific Acts could be identified for review and revision, irrespective of the way forward. Several examples are given. A major first step must be the review of the content of Water Company Licences.
- But the WCWC recognises that whatever system of administration is put in place, there are many legislative functions which must stay in place, albeit reviewed and refreshed. Function first, then form. A good example is the bundle of regulations relating to the management of water quality in river basins. The WCWC advocates keeping the principles of the Water Framework Directive

### **Basins and catchments**

- Picking up on the Commission's empathy to catchment management, river basins and catchments are 'environmental engines' it is very important that the conservation of the hydrological cycle is at the heart of what needs doing. That means retaining basin and catchment boundaries for water companies and Environment Agency (EA) Regions. Sewage treatment is very much part of that.
- The future must, therefore, lie in stronger basin and catchment management, not only in terms of operational logic but in restoring public trust. The WCWC has already provided extensive evidence for a better model in which the lead for the derivation of optimal environmental solutions at an acceptable cost is the EA properly resourced and skilled. Structured formal catchment management is a very good example of systems management referred to by the Commission. It is based on the concept of integrated natural resources management and the WCWC notes that the Commission is aware on progress in Wales on this. The WCWC has advocated a review of River Basin Management, including water resources management, the uses of river quality objectives and the supporting regulations. The mechanics and metrics of compliance in controlled waters need urgent attention. Stronger involvement of local partners including local authorities must avoid creating any new bodies or tiers of delivery.
- Some of what is suggested above for catchment management is vested in Natural England (NE). As a matter of logic, better catchment management must involve not only the EA but NE too. There are too many unconnected initiatives relating to controlled water quality and this is getting worse. The proposals under the Planning and Infrastructure Bill will make the management of catchments more complicated. They need harmonising.
- The future must be focussed on reducing the number of delivery and planning bodies not adding new ones

### **Migrating the functions of the EA and NE**

- This leads on to the structural issues around this review and that of the Corry Review on organisational structure. The WCWC suggests there is a case to be examined on the options for merging the functions of the EA and NE. The WCWC has unique experience in the creation of Natural Resources Wales (NRW) and it would be pleased to share this with suggestions for options for how a new body could be structured. Practical examples of the immediate benefits of an integrated function in NRW were bringing together the work on designated sites with other water management practices particularly in three trial catchments and the introduction of micro hydropower.

- This would be a major step in the practical implementation of systems management as envisaged by the Commission,

## **Monitoring and compliance**

- The WCWC is pleased to see that the Commission recognises the contribution of other sectors such as agriculture. However, the report does not focus enough on highway drainage which needs more inspection and monitoring. The WCWC also agrees with the Commission that regulators should be resourced properly to do this.
- There are several issues raised by the Commission on monitoring, such as that of controlled waters, as highlighted earlier. The setting of targets, monitoring protocols and assessment of compliance must all be framed and measured with exactly the same mechanics and metrics. This essential reality is not understood enough particularly when continuous monitoring backed by AI is advocated for assessment of compliance.
- The WCWC would like to focus on one particular, very high profile, issue; much is being made of the consequences of non-compliance of sewage discharges with permits. The WCWC has pointed out that there needs to be much better agreement on what constitutes non-compliance and has submitted suggestions (along with the BSI, the British Standards Institution) as to how the system can be improved. Many of the other suggestions submitted to the commission are not rooted in statistical rigour. The WCWC has submitted a specific paper on this to the Commission.

## **KEY POINTS FOR FURTHER DRAFTING**

### **Strategic co-ordination**

8 The WCWC agrees with the Commission's concerns about the current lack of coordination of national strategies and silo-based plans and targets and has made suggestions on some immediate 'fixes' of the current problems. Longer term coordination is vital, and some examples are given below.

9 The National Planning Policy Framework is still weak on the aspects of water, with parts being out of date.

10 The Industrial Strategy was published at the end of June, and it is again weak on the interaction with the hydrological cycle. The WCWC will be commenting on that. Water must be featured as a high priority in each of the sector plans. The WCWC considers that the economic impact of the water programme is so significant that it should mirror the focus on high electricity costs in the strategy. It does not even recognise that synergistic implications for water arising from the Industrial Strategy and the National Policy Planning Framework (NPPF), particularly the New Towns Taskforce.

11 Almost 'out of the blue', the National Standards for Sustainable Drainage Systems were also published, at the end of June. In fundamental terms these are still voluntary.

<https://www.gov.uk/government/publications/national-standards-for-sustainable-drainage-systems/national-standards-for-sustainable-drainage-systems-suds>

12 Whilst these are welcome, they are still non-mandatory, but Defra has promised again that it will consult on new regulations. The WCWC is not aware of any extensive consultation

on these standards, as was the case for the design of storm overflows. Getting this right will be very helpful in coping with the impact of industrial and housing developments on sewer management.

13 At the same time as this interim report was published, Defra is consulting on Biodiversity Net Gain which has consequences in the water environment, to which the WCWC will be responding.

14 The WCWC is pleased that the Commission recognises the importance of the contributions of other sectors to the quality of controlled waters; 'fixing' water companies will not achieve the desired results. Indeed, the WCWC has warned about the fact that even after the very expensive investments in storm overflows are complete, there will still be risks to inland bathing water compliance.

15 The WCWC is pleased that the Commission highlights the importance of making sure that the regulators are properly resourced. Drawing these two points together, the WCWC notes that, at the end of June, the Environment Agency announced a significant increase in resources for farm inspections.

<https://www.nfuonline.com/updates-and-information/ea-to-double-number-of-farm-inspections/>

16 The WCWC repeats its suggestion that the Commission might push the case for more attention and resources on the impact of highway drainage.

17 The WCWC agrees that there is a need for an over-arching strategy for water, a strategic position statement for the way in which England conserves and uses its water resources for us and for nature, not just for water companies and the price reviews. The WCWC has advocated such a water use strategy to mirror the land use strategy, as elements of managing catchments, which this note discusses below. There is a powerful subtext to this, *A strategy for the sustainable and efficient use of water to achieve economic growth*. The WCWC has suggested a better alliance of government departments in delivery. It has suggested a better alliance of government departments in delivery. Whilst logically Defra might take the lead both it and other departments must work cooperative to carry forward whatever strategy is decided on and no one department can go off on its own interpretation. Several other government departments need to make changes.

18 The Interim report demonstrates that there is no 'strategic big fix', and the way forward will be in making numerous more modest sized changes, of which some examples are given below. The Commission might consider making suggestions on delivery mechanisms for its recommendations. The way forward is a mosaic of initiatives rather than a straight line. The WCWC suggests that responsibility for ensuring delivery of policy and structural changes across all government departments could be vested in the Cabinet Office.

### **Legislation, regulations and licences**

19 The WCWC agrees with the Commission that there needs to be a review of relevant legislation. While the Commission says that rationalisation is beyond their scope, they need to recommend clear pointers for Defra to do such rationalisation in the correct manner. This includes, making the current silo-based plans less prescriptive and have "aim to achieve" targets, not absolute prescriptive targets and addressing trade-offs between plans to avoid conflicts. The WCWC supports the Office for Environmental Protection (OEP) conclusion that the WFD is the correct legal framework for managing controlled waters – it just needs updating and proper implementation.

20 It will be helpful if bundles of regulations under specific Acts, particularly, the Water Industry Act 1991 and the Environment Act 2023 (particularly all regulations pertaining to the quality of waters in river basin management) and for Environmental Permitting could be identified for review and revision. A major first step must be the review of the content of Water Company Licences.

21 One example amongst many, not elaborated by the Commission, is the issue of sewage sludge / bioresources / biosolids management. In the debate about sewage treatment, this management stream is the 'Cinderella' of the processes. Half the cost of sewage treatment is vested in this activity, while the regulatory practices are confusing and conflicted. Following the lead of the recent EA consultation on how exemptions from specific permitting will be handled in future (subject to general binding rules) it will be helpful in overall terms to simplify matters without risk to the environment.

22 In another example, much has been made of the ability and willingness of water companies to supply water to industry, for example in evidence given to the EFRA Committee in March. However, water companies do not have a statutory duty to supply water to non-household premises and so if there are plans to do so they can be removed from the Price Review process. With a duty to do so, the delivery of additional water resources then becomes a matter to be reflected in statutory water resources plans and indeed in water bills. Any change might need a proportionality limit and an exemption clause with the ability of water companies to refuse, subject to Appeal, to avoid excessive demands by those premises. It would reflect the same process for the duty to receive trade effluents control and, indeed, 'bookend' that process by giving the same duties for 'water in' and 'water out'. Whilst this may lead to some debate, it is worthy of urgent review.

23 In another example, the storm overflows action and water efficiency programmes could well result in significant street works and the WCWC has suggested that the relevant legislation should be reviewed for its fit for purpose. The House of Commons Transport Committee has published a report in early July which will have implications for water companies.

<https://committees.parliament.uk/publications/48600/documents/254746/default/>

### **Hydrological boundaries are a must for water management**

24 Picking up on the Commission's empathy to catchment management, river basins and catchments are 'environmental engines' and it is very important that the conservation of hydrological cycle is at the heart of what needs doing. That means retaining basin and catchment boundaries for water companies and Environment Agency Regions. Sewage treatment is very much part of that. The WCWC notes and welcomes that the responses to Commission's call for evidence shows that the majority (58%) called for hydrological boundaries.

25 This was set out very clearly in the 1970 report 'Taken for Granted' Chaired by the Labour Minister Lena Jager produced by the Working Party on Sewage Disposal, which was a precursor to the Water Act 1973 that aimed to create a national policy for water management in England and Wales based on river basins and catchments.

26 This legislation established 10 new regional water authorities with integrated responsibilities for water resources, supply, and sewerage. They were based on principal river basins divided into catchments and included mini basins within the larger basin regions. For example, the Anglian Region included large basins like the Ouse and Nene, and mini basins like the Nar. The context of this report and the subsequent Act was crucial in

addressing issues of water management that were previously often overlooked or taken for granted, particularly concerning sewerage and sewage disposal.

27 Since 1973 it has been understood that where a catchment crosses local authority boundaries, all relevant parties must play a part in the determining the future of the catchment. Local authority boundaries do not fit the needs of the water environment; they can change.

28 The context of basins and catchments in the UK went on to be a major reference in the creation of the Water Framework Directive. If there have been problems they have been in the detail of delivery, not in the concepts.

### **Better more formal basin and catchment management**

29 So rather than changing boundaries or create new bodies, the way forward is to strengthen the function of basin and catchment management, as set out by the WCWC and several other bodies and envisaged in the 2023 Defra Plan for Water. As the Commission suggests, this must involve interested parties including local authorities. If the River Basin Committees are not considered to be fulfilling their intended function, the WCWC suggests that the way forward is to strengthen the engagement of all parties in Basin and Catchment and to avoid the creation of any new bodies which just add more complexity.

30 The future must, therefore, lie in stronger basin and catchment management, not only in terms of operational logic but in restoring public trust. The WCWC has already provided extensive evidence for a better model on this, including submission by, request, to the previous government, in which the lead is the Environment Agency. Structured formal catchment management is a very good example of systems management referred to by the Commission. It is based on the concept of integrated natural resources management and the WCWC notes that the Commission is aware on progress in Wales on this. The WCWC has supported a review of River Basin Management, inclusion of water resources the uses of river quality objectives and the supporting regulations as discussed in paragraphs 24-28. The monitoring and metrics of compliance in controlled waters needs urgent attention.

31 Giving the lead to the Environment Agency might seem counterintuitive as the Commission has offered criticism of current environmental regulation. This is about function and not ability. It is better than other models all of which involved adding new bodies. It is important an environmental regulator has an adequately resourced and skilled catchment management function with clear lead role for the monitoring and assessment of problems, pressures and technical and economic appraisal of options and developing their catchment plan of the best options that will have teeth and effectively deliver actual improvements in local water bodies and incorporating functions like that envisaged for the Nature Restoration Fund, Environmental Delivery Plans and Nutrient Reduction Delivery. Hence the EA must collaborate with the partnership hosts who can usefully lead on the stakeholder engagement and in seeking additional funding for the measures. This note is too short to enter into detail on how this enhanced system would work but the WCWC would be pleased to share its previous submissions to Defra and the Environment Agency.

32 As a further specific example of a need for legislative review, in view of the current focus on sewage treatment, a review of the functioning of the Drainage and Wastewater Plans prepared by Water Companies in which local authorities play a role, is needed to ensure a fit with catchment management.

33 The dual role of local authorities in promoting development and as one of the custodians of water conservation as partners in basin catchment management has to be recognised. Before privatisation there was a concept of planning embargoes where sewage treatment

works could not cope and this was always a topic of debate. There was always a matter of some debate; this stopped upon privatisation. In fact, quite the reverse, S106 of the Water Industry Act 1991 imposes an obligation on water companies to accept new discharges of sewage and like other bodies the WCWC has recommended its review, another one for the regulation review bundles.

34 As this note describes earlier, catchment planning gives the opportunity of integrating water company activity with that of agriculture and highway management. The commission recognises this, albeit not sufficiently for highway drainage.

### **Harmonise the work of the Environment Agency (EA) and Natural England (NE)**

35 Some of what is suggested above for catchment management is vested in the NE. As a matter of logic, better catchment management must involve not only the EA but NE too. There are too many unconnected initiatives relating to controlled water quality and this is getting worse. The proposals under the Planning and Infrastructure Bill will make the management of catchments more complicated. They need harmonising.

### **Migrating the functions of the EA and NE into a new body**

36 This leads on to organisational issues of this review and that of the Corry Review on organisational structure. The WCWC suggests there is a case to be examined on the options for merging the functions of the EA and NE. The WCWC has unique experience in the creation of Natural Resources Wales (NRW) and it would be pleased to share this with suggestions for options for how a new body could be structured. Practical examples of the immediate benefits of an integrated function in NRW were bringing together the work on designated sites with other water management practices particularly in three trial catchments and the introduction of micro hydropower. This would be a major step in the practical implementation of systems management, as envisaged by the Commission,

### **Monitoring and compliance**

37 The WCWC is pleased to see that the Commission recognises the importance of monitoring, such as that of controlled waters as highlighted earlier. The setting of targets, monitoring protocols and assessment of compliance must all be framed and measured on exactly the same metrics. This essential reality is not understood enough particularly when continuous monitoring backed by AI is advocated for assessment of compliance.

38 The WCWC would like to focus on one particular, but very high profile, issue. Much is being made of the consequences of non-compliance of sewage discharges with permits. The WCWC has pointed out that there needs to be much better agreement on what constitutes non-compliance and has submitted suggestions along with the BSI and how the system can be improved. Many of the other suggestions submitted to the commission are not rooted in statistical rigour. The WCWC has submitted a specific paper on this to the Commission.

### **Next steps**

39 It would seem logical to:

- Create a National Water Use Strategy to mirror the Land Use Strategy with a subtext of a Strategy for the Sustainable and Efficient Use of Water to achieve Economic Growth, which links across to other strategies Led by Defra but with partnership with all other relevant government departments and working with all interested parties.



- At its heart, retain river basins, and catchments. Introduce a more formal approach to basin and catchment management giving local people an even stronger say on what they want locally.
- Ensure that all strategies reflect the implications from water management.
- Incorporate the work of the NE into such plans.
- Consider migrating the functions of the EA and NE into a new body.
- At each stage, review the relevant legislation.

40 Unfortunately, life is not that simple and there will be time pressures arising from the start of the next price review process. It will take too long, bearing in mind that the Commission has several other recommendations yet to be agreed. So, it will be a mosaic moving forward rather than a straight-line process. This will require the highest levels of expertise in project planning. Several changes will be needed together. One immediate suggestion is that merged working between the EA and NE could start now in some trial catchments – as was done in Wales for the creation of NRW. Moreover, to speed up the process make these virtual exercises as EA did in the Ribble catchment (See the 2006 WRC report to the EA) to prepare for River Basin Management Plans. This virtual trial should assess the resources needed in terms of who needs to do what to deliver the integrated catchment management needed and how these resources funded preferably by cost recovery charges rather than GIA. It should be quite easy to identify bundles of legislation which need review and reform irrespective of the path forward. As set out earlier, the WCWC repeats its suggestion of giving the Cabinet Office oversight of the sundry mechanisms of reform and the WCWC suggests that the Commission gives some thought to the next steps.

### **And finally**

41 The WCWC stands ready to assist the Commission further.